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*Market Administrator's***BULLETIN***Frank W. Fisher*

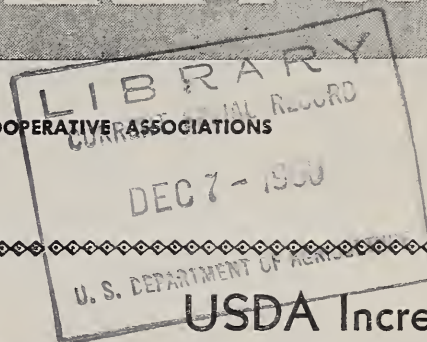
MARKET ADMINISTRATOR

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Ice Milk Sets Expansion Pace Among Frozen Dairy Products

Consumption of frozen dairy products has been on an uptrend since the depression years of the early 1930's. This steady growth closely paralleled the increase in the American standard of living. Part of the increase, however, can be attributed to more efficient merchandising and increased home storage facilities. There was an unusual spurt in consumption in 1946 and 1947, right after World War II, reflecting pent-up consumer demand and shortage of durable goods. If these post-war years are excluded it can be seen that a plateau in per capita consumption was reached between 1944 and 1950. During this period the use of ice cream, ice milk, milk sherbert and mellorine type desserts just about kept pace with increases in the population. Since then, the output of each of these important frozen products has increased much faster than the population.

Volume of both soft and hard frozen dairy products has increased. On the premises freezing in distribution units for soft products has been instrumental in their rapid expansion in all urban areas. Recently in large cities, mobile units have been employed. Home freezer facilities together with modern merchandising, especially lower-cost larger containers, have helped expand use of hard frozen dairy products. Frozen dairy products have come to be used more as regular desserts than as occasional special dishes.

Not all products have shared equally in the expanding market for frozen dairy

products. Ice milk, which contains 3 or more percent milkfat—a lower percentage than in ice cream—has led in growth. The combined output of soft and hard ice milk has nearly doubled in the last 5 years, the soft item out-gaining the hard. During the same period, 1955-59, ice cream increased 11 percent and milk sherbert increased 8 percent.

Mellorine, which is a frozen dessert made with oils and fats other than milkfat but containing milk solids-not-fat, may be legally produced and sold in 13 states. Its output increased rapidly from 1952 to 1954, changed little from 1954 through 1957, but by 1959 it rose nearly a fourth over 1957. In states where mellorine is produced, however, production of other frozen dairy products has also continued to increase.

Part of each major frozen dairy product is sold in soft frozen form, but this form of preparation is most important for ice milk. In 1959 almost 43 percent of all the ice milk produced was finished soft, compared with less than 3 percent for ice cream and less than 7 percent for milk sherbert and mellorine type desserts.

Because soft frozen dairy products now account for a larger proportion of the total it is easy to conclude that they have introduced a new element of growth into the frozen dairy products industry. However, for individual classes of frozen dairy products there has been no discernable uptrend in the proportion sold in soft form since 1955.

USDA Increases Dairy Support Prices

The U. S. Department of Agriculture has increased dairy support prices to 59.6 cents per pound of butterfat and \$3.22 milk for the remainder of the 1960-61 dairy marketing year which runs through March 31, 1961. This is in accordance with the provisions of Public Law 86-799, approved by the President on September 16, 1960.

In order to carry out the dairy support increases, Commodity Credit Corporation's buying prices are upped immediately by 2½ cents per pound on butter, 1½ cents per pounds on cheese, and ½ cents per pound on nonfat dry milk. These buying prices reflect the increases in the milk and butterfat support prices and will apply only to products produced on or after September 17, 1960.

The support prices are increased from \$3.06 to \$3.22 per hundred pounds of manufacturing milk and from 56.6 to 59.6 cents per pound of butterfat.

The new support price of \$3.22 per hundredweight for manufacturing milk is for milk of the national yearly average butterfat test, which in recent years has approximated 3.86 percent. (A corresponding price for manufacturing milk of 3.5 percent butterfat test would be \$2.92 per hundredweight. Many plants pay on the basis of 3.5 butterfat test for milk.)

All terms and conditions for purchases under the dairy support program are unchanged.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

August
1960

July
1960

August
1959

\$4.21	\$3.63	\$4.37
4.585	3.985	4.75
4.394	4.206	4.479
3.994	3.806	4.079
3.699	3.514	3.753
2.998	2.883	3.054
7.5¢	7.1¢	7.6¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

79.5	75.5	85.2
78.7	74.4	83.8
8.6	7.8	9.1
2.8	2.4	2.8
3.3	3.5	2.3
4.5	4.7	5.3
8.6	13.2	3.4
14.0	18.5	8.1

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

26,234,265	27,223,982	25,347,579
672,969	662,956	696,823
1,623	1,644	1,738
521	534	471
3.64	3.67	3.64
\$1,129,368.51	\$1,112,130.47	\$1,132,414.28
\$157.13	\$152.75	\$147.13

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

20,110,727	19,808,680	20,834,086
751,307	742,940	772,199
20,862,034	20,551,620	21,606,285
2,338,795	2,192,146	2,346,590
27,028	24,179	25,919
2,365,823	2,216,325	2,372,509

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

270,168	265,745	278,263
6,217	5,930	7,436
12,688	11,024	14,454
10,117	10,024	10,097
7,966	8,983	7,553

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Aug., 1951 - '60

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1951.....	18,888,092	3.87	73.6	21.3	5.1	—	4.54	4.696	4.296	3.493	—	2,114	288
1952.....	19,286,647	3.85	72.9	25.0	2.1	—	4.96	5.078	4.678	3.902	—	2,122	293
1953.....	22,847,072	3.77	68.9	22.0	9.1	—	4.38	4.61	4.21	3.433	—	2,223	331
1954.....	22,164,011	3.78	73.6	7.9	10.8	7.7	4.10	4.277	3.877	3.877	3.101	2,157	331
1955.....	22,723,836	3.70	77.0	8.9	11.3	2.8	4.33	4.427	4.027	4.027	3.151	2,089	351
1956.....	24,008,583	3.70	76.0	9.8	9.5	4.7	4.34	4.496	4.096	4.096	3.220	2,032	381
1957.....	23,766,796	3.64	80.7	8.8	6.7	3.8	4.41	4.579	4.179	4.079	3.076	1,892	405
1958.....	22,444,604	3.71	83.9	9.0	2.8	4.3	4.25	4.383	3.983	3.883	2.880	1,782	406
1959.....	25,347,579	3.64	85.2	9.1	2.3	3.4	4.37	4.479	4.079	3.753	3.054	1,738	471
1960.....	26,234,265	3.64	79.5	8.6	3.3	8.6	4.21	4.394	3.994	3.699	2.998	1,623	521

MILK PRODUCTION CONTINUING ABOVE 1959

In each of the first seven months of 1960, total milk production in the United States was larger than a year earlier. The total output in the period January-July this year was 77.7 billion pounds compared with 76.9 billion a year earlier. The consistent monthly increases this year stand in sharp contrast to the situation in 1959. In the first four months of 1959 output was slightly above a year earlier, but in the months of May through August there were substantial declines, ranging up to 250 million pounds in two of the months. From September through December changes were negligible as compared with a year earlier. The largest change of

those four months was the increase in December—43 million pounds.

A somewhat unusual development in milk production this year has been the decreases that occurred in a number of important producing States, despite what appears to be favorable production conditions. During July, production in four of the North Central States (Indiana, Illinois, Michigan and Wisconsin) was below a year earlier. Among the 36 states for which production is reported separately, 14 showed a decline from July 1959 to July 1960. The decline in some of these, particularly in the middle South, reflected rather severe drought and insufficient pas-

ture growth. But in the upper Midwest pasture conditions were fully equal to those of the year earlier, and in some cases better, yet the rate per cow was not equal to that of last year.

Crop and pasture conditions as of August 1 pointed to a possible new record in grain production and roughage supply at least equal to that of a year earlier. During the rest of 1960 price relationships for the production of milk, after seasonal allowances, are likely to be at least as favorable as during the first half of the year. It is likely, therefore, that continued gains in milk production over a year earlier will be recorded during the rest of 1960.

Offerings of Butter to CCC Declined Sharply

Sales of butter to CCC in the first four months of this marketing year were just slightly in excess of those of a year earlier. In the period April-July 1960, a total of 81.5 million pounds of butter was sold to the CCC compared with 76.1 a year earlier. By the first week of August, butter sales to CCC practically ceased, the same as a year earlier. However, the decline this year was more abrupt, dropping from 6.4 million pounds in the week ending July 1 to less than a half million pounds in the week ending August 5. In 1959, 300,000

pounds of butter was purchased during the entire month of August. None was purchased from August 28 through December 31, 1959.

Sales of cheese to CCC have been negligible this marketing year. During July only three carloads of cheese were sold to CCC, and as of July 29, total sales to the agency were only 165 thousand pounds compared with 35 million pounds a year earlier. Sales of cheese to the CCC have declined sharply since 1957. On a calendar year basis these totaled, successively: 1957, 241 million

pounds; 1958, 80 million pounds; 1959, 57 million pounds; and so far in 1960, less than a half million pounds.

Deliveries of nonfat dry milk to the USDA, so far in 1960-61 marketing year, have been about the same as a year earlier. Weekly offerings have declined somewhat seasonally but are running at least as great as a year earlier. During the marketing year 1959-60, total contracts for delivery to the CCC were the highest on record, except for 1957-58, in which a total of a little over 900 million pounds was acquired.

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BE STRONGER
LIVE LONGER
DRINK MILK

Fat Content of Milk Declining Relative to Solids-Not-Fat Content

Although milk from cows has been used as food by man for many centuries, it is only within the last 100 years that the composition of milk has come to be regarded as important. "Milk was Milk" — oftentimes, even with a little water added. This apparently was not too objectionable so long as the color and taste of milk was still recognizable. Trading in milk by volume or by weight was acceptable to all concerned. The main motivations for early interest in milk composition was prevention of water-adulteration. First strides in measurement of solids content of milk were made around 1890.

Actually, the composition of milk varies considerably among cows even of the same breed, or of the same strain within a breed. Milk as sold by farmers may contain as little as 3 percent fat, or even less, to as much as 6 percent or more. The percentage content of milk solids-not-fat varies in the same direction as fat content but over a much smaller range. In most cases cow's milk is between 8 1/2 percent and 10 percent solids-not-fat. No information is available over time concerning composition of milk for any breed of dairy cattle. But data reported by the Crop Reporting Board for individual re-

Market Quotations

August
1960

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.076
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8600
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.894
Evaporated Milk Code Price, 3.5% per Cwt.	2.818
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0739
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.048
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.072
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State and North Central Ohio).....	2.946
Average Weekly Cheddars price per lb.	.33062
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.13675
Average price per lb. 92-score butter at Chicago	.59041
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1272

gions and for the United States as a whole indicate a definite decline in the fat content of milk as produced by farmers over the last 10 to 15 years. It is presumed that the solid-not-fat content also, declined, though much less. Incidentally, the decline in solids content at the producer level does not mean necessarily that the finished dairy products as offered to consumers contains less of either component. Before processing milk for either fluid or manufacturing purposes, it may be "standardized" in its solids content, particularly for the fat. The greater decline for milk fat than for solids-not-fat content in recent years has important implications both in milk pricing and in evaluating prospects for the supply-demand balance for the two components of milk.

QUANTITY OF FEED GRAINS PLACED UNDER PRICE SUPPORT, DOWN 14%

The quantity of feed grains placed under price support from the 1959 crops totaled 19.1 million tons. This was 14 percent less than in 1958-59, and 17 percent less than in 1957-58, but more than in any other year. Farmers placed a smaller percentage of their crops under price support than in other recent years. The total was only 11.6 percent of the 1959 feed grain production, the lowest percentage of the crop since 1954.

Substantially more corn was placed under price support this year than last, but much smaller quantities of oats, barley and sorghum grain, reflecting the smaller 1959 crops, lower support rates, and increased exports under the payment-in-kind program which come largely from "free" market supplies.